

Message Text

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S E C R E T STATE 256865

EXDIS TOSEC 226 WHITE HOUSE PASS SAM 86970 FOR BREMER

FOLL REPEAT STATE 256865 ACTION KYOTO 21 NOV 74 QUOTE

FOLLOWING REPEAT PARIS 27772 SENT ACTION SECSTATE

NOVEMBER 20TH:

S E C R E T PARIS 27772

E.O. 11652: GDS

TAGS: PFOR, MILI, FR

SUBJ: FRELOC CLAIM

1. BEGIN SUMMARY: FRENCH HAVE OFFERED DOLS 100 MILLION OVERTMT
TEN YEARS TO SETTLE FRELOC CLAIM. WE BELIEVE DOLS 100
MILLION IS PROBABLY BEST FIGURE WE CAN OBTAIN UNDER
PRESENT CIRCUMSTANCES. IF THIS FIGURE MEETS WASHINGTON'S
ASSESSMENT OF U.S. NEEDS, WE RECOMMEND IT BE ACCEPTED.
WE RECOMMEND WE TEST FRENCH FLEXIBILITY ON SHORTENING
TEN YEAR PAYMENT FORMULA. FRENCH APPARENTLY ESIRE
SETTLE FRELOC ISSUE BEFORE MARTINIQUE SUMMIT. END
SUMMARY.

2. AT REQUEST OF QUAI SECRETARY GENERAL DE COURCEL,
CHARGE MET WITH HIM NOVEMBER 20 TO DISCUSS SUBJECT OF
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FRELOC CLAIM. RECALLING EARLIER EXCHANGES BETWEEN OUR

TWO GOVERNMENTS ON THIS SUBJECT, DE COURCEL SAID THAT THE GOF IS READY TO PAY DOLS 100 MILLION TO BRING THIS SUBJECT TO A CLOSE. HE ADDED THAT FRANCE CANNOT PAY DOLS 100 MILLION IN ONE LUMP SUM AND THEREFORE PROPOSES TO PHASE THE PAYMENTS OVER TEN YEARS.

3. IN RESPONSE TO CHARGE'S QUESTION WHETHER TEN-YEAR PAYMENT PERIOD COULD BE SHORTENED, DE COURCEL INDICATED THAT IF THIS ASPECT POSED PROBLEMS FOR USG, HE WOULD BE PREPARED REFER COUNTER-PROPOSAL TO APPROPRIATE AUTHORITIES (MINISTRY OF FINANCE).

4. DE COURCEL ADDED THAT, IF AGREEMENT REACHED ON FRENCH PROPOSAL, IT WOULD BE DESIRABLE ANNOUNCE AGREEMENT PUBLICLY BEFORE MARTINIQUE SUMMIT SO THAT FRELOC CLAIM NEED NOT BURDEN THE AGENDA. DECOURCEL AGREED TO THE CHARGE'S SUGGESTION THAT ANY EVENTUAL PUBLIC ANNOUNCEMENT SHOULD BE CLOSELY COORDINATED.

5. DE COURCEL UNDERLINED THAT THE GOF'S NEW PROPOSAL WAS COMPLETELY SEPARATE FROM THE BILATERAL CLAIM ISSUE BETWEEN FRANCE AND CANADA AND THE MULTILATERAL CLAIM ISSUE BETWEEN FRANCE AND NATO. HE SAID THAT THE FRENCH WANTED TO SEE HOW THE FRELOC CLAIM WAS RESOLVED BEFORE MAKING ANY MOVEMENT ON THE OTHER TWO CLAIMS. IN PASSING, HE NOTED THAT THE CANADIAN CLAIM WAS MUCH SMALLER THAN EITHER THE U.S. OR NATO CLAIMS, AND THE CANADIANS HAVE NOT BEEN PUTTING MUCH PRESSURE ON THE FRENCH TO RESOLVE THE ISSUE.

6. COMMENT: WE BELIEVE THAT TOTAL FIGURE OF DOLS 100 MILLION PROPOSED BY DE COURCEL IS PROBABLY ABOUT THE BEST THAT WE CAN EXPECT FROM THE GOF IN THE CURRENT SITUATION. IF WASHINGTON BELIEVES THAT THIS AMOUNT WOULD BE MANAGEABLE IN TERMS OF USG CONSIDERATIONS (E.G., CONGRESS), WE RECOMMEND THAT THE EMBASSY BE AUTHORIZED TO RESPOND TO THE FRENCH THAT WE ACCEPT DOLS 100 MILLION AS AN AGREED FIGURE TO REPRESENT THE TOTAL AMOUNT TO BE PAID BY THE GOF TO THE U.S. IN SETTLEMENT OF OUR BILATERAL CLAIM. CONCERNING THE METHOD OF PAYMENT, WE
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DO NOT KNOW HOW MUCH FLEXIBILITY THE FRENCH MIGHT BE PREPARED TO SHOW ON THEIR PROPOSAL FOR PAYMENT OVER A PERIOD OF TEN YEARS. HOWEVER, WE RECOMMEND WE BE INSTRUCTED TO RESPOND THAT THE U.S. GOVERNMENT PROPOSES A SOMEWHAT SHORTER PERIOD (E.G., FIVE YEARS). WE HOPE DEPARTMENT WILL AGREE, THAT SATISFACTORY RESOLUTION TO FRELOC CLAIM ISSUE SHOULD NOT BE MADE RIGIDLY DEPENDENT ON SHORTER PERIOD OF PAYMENT THAN

SUGGESTED BY GOF. IF DEPARTMENT AGREES WITH DE COURCEL'S
OPINION THAT IT WOULD BE BEST TO RESOLVE THE QUESTION OF
THE TOTAL SUM AND PERHAPS THE FORMULA FOR PAYMENT PRIOR
TO THE MARTINIQUE SUMMIT, IT WOULD BE DESIRABLE HAVE
EARLIEST POSSIBLE RESPONSE. PROLONGED NEGOTIATIONS OVER
TOTAL SUM AND/OR METHOD OF PAYMENT COULD MEAN OF COURSE,
THAT SUBJECT WILL BE CARRIED OVER FOR POSSIBLE
DISCUSSION AT THE SUMMIT. RUSH

UNQUOTE INGERSOLL

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